

Letter to the Honorable Judge Martin Glenn

07/22/2022

Your honor this case is especially important as it directly affects the livelihood of potentially tens of thousands around the world. Clearly Celsius made many missteps and I too feel misled and have suffered enough financial harm that it will impair the way I live for the rest of my life.

My ask to the Court is twofold:

1. That the Court give preference to restructuring the current Celsius brand and gain a deep understanding of the purpose utility and function of the CEL token.
2. A clear and definite distinction is made in the treatment of custodial assets.

1. CEL Token

The CEL token was initially used to fund Celsius and reached a high on June 3rd, 2021 with an implied market cap of **5 billion dollars**. It is certain that the Celsius balance sheet was propped up over the last year by the CEL token until the ‘bank run’. If Celsius were able to restructure and once again become a viable business while using the CEL token according to its original plans, all depositors and equity investors stand to benefit. Even today the CEL token still represents hundreds of millions of dollars on the Celsius balance sheet which will be wiped out if the restructure does not preserve Celsius and the CEL token causing further material financial losses to everyone involved.

2. Custodial Assets

I implore the Court to distinguish assets which were deemed to be held in ‘Custody’. Custodial assets do not earn yield and as such should not have any counterparty risk.

- A. This should include those digital assets listed on the platform in the Custody section.
- B. This should include depositors’ ability to NOW pay off any OVERCOLLATERALIZED loans. The collateral by design gets returned into the Custody portion of the account. At the appropriate time the Court should allow depositors to send Celsius the funds to pay off any loans and redeem the collateral in full.
- C. The XRP token was removed from earning yield when the SEC filed suit against Ripple Inc. December 2020. As such Celsius offered to custody the XRP token at no expense to the depositor and honor a series of past and future airdrops. These airdrops require that Celsius hold the token on behalf of the depositor. All indications are that they have stayed true to these airdrops confirming they still hold the XRP tokens. For these reasons XRP tokens MUST BE treated as a Custodial Asset and returned as such along with the pending Flare airdrop.

Sincerely,
-Dierk Eckart